Prime Minister's views on power situation

1039. SHRIMATI SHOBHANA BHARTIA:
SHRI VIJAY J. DARDA:
PROF. ALKA BALRAM KSHATRIYA:

Will the Minister of POWER be pleased to state:

(a) whether the Prime Minister has expressed serious concern over the power situation and proposed setting the agenda for power reforms in the country;

(b) if so, the details thereof;

(c) whether there is marginal increase in the generation capacity and slow progress in augmentation of transmission and distribution networks;

(d) if so, the details thereof; and

(e) what concrete steps Government has since taken to increase the power generation capacity and to remove various obstacles?

THE MINISTER OF POWER (SHRI SUSHIL KUMAR SHINDE): (a) to (d) Electricity is a concurrent subject under the Constitution. Therefore, the Government of India has been discussing power sector issues with the States from time to time. Addressing the Chief Ministers in the Conference of the Chief Ministers convened by the Ministry of Power on 28th May, 2007, the Prime Minister expressed concern, *inter-alia*, on the poor progress in the addition to generation capacity, in cutting down transmission & distribution losses, in reducing wasteful consumption and in attracting adequate private investment in power sector. A copy of the resolution adopted by the Conference expressing resolve of the Centre and the States to address various issues in the power sector is given in the enclosed Statement. (*See* below).

The highest capacity addition in one year so far was 6853 MW in 2006-07. As against that during the year 2007-08, so far (upto 22.2.2008), the capacity of 7683 MW has already been added.

As far as inter-state transmission is concerned, the development of transmission network is in tandem with the growth in generation capacity addition and all transmission projects associated with generation projects are being implemented by Powergrid matching with commissioning of generation projects. Intra-State transmission and distribution comes in the purview of the States.

(e) Following steps have been taken by the Government to ensure timely completion of power generation projects:

(i) Expediting letter of Award (LoA) in respect of 11th Plan projects in the first year of the 11th Plan itself.

(ii) Removal of constraints in meeting the main plant supplies for thermal projects.

(iii) Addressing the issue related to availability of Balance of Plant (BoP) requirements.

(iv) Overcoming shortage of manpower.

(v) Regular monitoring of generation capacity addition targets.

Statement

Copy of the Resolution adopted by the Chief Ministers' Conference on Power
(28th May, 2007)

1. The Conference recognizes the vital importance of the power sector in the development of the economy which is on a trajectory of high growth and resolves that a time bound closely monitored action programme for accelerated capacity addition, drastic loss reduction, achievement of the rural electrification targets set out under Bharat Nirman, and promotion of efficient energy and Demand Side Management, be put in place at the Centre and in the States.

2. The Conference acknowledges that electricity is a concurrent subject. The States and the Centre shall jointly endeavour to provide access to electricity to all. The States are conscious of their primary responsibility of ensuring availability and distribution of electricity. The continued proactive initiatives of the Union Government in coordinated planning, supplementing generation through Central Public Sector Undertakings, inter-state and inter region transmission, rural electrification, providing financial assistance through various programmes and institutions, and in guiding the reforms process, along with the proactive stance of the States, are vital to achieve this objective.

3. The Conference acknowledges that the Bharat Nirman targets for rural electrification have to be met in order to ensure that rural India has adequate access to electricity; and resolves that the Central Government would, through the Rajiv Gandhi Grameen Vidyutikaran Yojana, continue to assist the State Governments help expand their rural networks and extend household connections to BPL families as set out under Bharat Nirman. The Government of India, in discharge of its statutory functions under the Electricity Act, would extend all possible financial and techno-managerial support. The States would urgently formulate clear, cost effective and comprehensive rural electrification plans which would address the concerns of sustainability, availability, affordability and delivery of power. The States should also develop appropriate revenue and franchisee models that may use system improvements to meet the requirements of the rural areas and disadvantaged groups, particularly wherever it is a better alternative to existing arrangements. The Centre shall support the States in their commitment and take into account the special requirements of different States.

4. The Conference noted with concern that the country is presently facing serious peaking and energy shortages, and resolves that the States and the Centre would vigorously pursue the capacity addition programmes so as to create capacities in line with the rapid growth of demand of electricity and eliminate shortages within the 11th Plan to ensure the goal of

"Power for all by 2012." The Centre and the States would ensure timely placement of orders by December 2007 for all projects intended to give benefits during the 11th Plan and ensure regular monthly project monitoring for their timely commissioning along pre-determined milestones. The Centre would set up a National Power Project Management Board for monitoring the timely commissioning of the unprecedented capacity addition and associated transmission projects. The States would also set up similar dedicated apparatus. Immediate steps would also be taken to expedite the development of hydro power and renewable sources. The Centre would continue to ensure the timely development of inter-state and inter-region transmission lines, with active facilitation by the States. Matching sub-transmission and distribution networks would be created by the States to synchronize with the capacity addition. The States supported the initiative of the Centre to set up Ultra Mega Power Projects (UMPPs). The Centre would also develop the necessary transmission network for UMPPs. The States would continue to effect further improvement in the PLF of their existing generating stations. The Government of India would facilitate the timely and adequate availability of coal and gas for the generating plants at reasonable and competitive prices within the existing legal framework. The linkage from coal fields will be locationally rationalized, to the extent possible.

5. The Conference recognizes that an estimated captive generating capacity of about 20,000 MW is being sub-optimally utilized in a phase of critical power shortage; and resolves that no generating capacity would be left idle. The States would facilitate captive power plants to provide spare generating capacity to the grid and strive to do away with restrictive levies, duties and regulations in a time-bound manner.

6. The Conference further resolves that the States commit themselves to operationalizing 'open access' in the transmission and distribution sectors and resolve to issue policy directives to regulators, if necessary to appropriately restructure cross subsidy surcharge, wheeling charges and other charges, with a view to augment the quantum of power flowing into the grid in the prevailing environment of shortage.

7. The Conference recognizes that the operationalizing of 'open access' and competition in the supply of electricity to consumers would improve the supply position, help lower the tariffs and attract much needed investment in capacity addition; and resolved that the Centre and the States would unshackle generation, transmission and distribution to enhance the availability of electricity and its unhindered movement to consumers. The Centre and the States would also issue any necessary policy directives to any undertaking or regulator to this end, in the interest of consumers, within and outside the concerned State.

8. The Conference recognizes that the current level of AT&C losses constitute a grave threat to the viability of the power sector and the distribution segment, which is currently losing about Rs.47,000 crores per annum, is the weakest link in the power system; and resolves that the States commit themselves to achieve and sustain drastic reduction in the overall AT&C losses through the next five years, and at least to a level of 15% in the APDRP project areas as has been demonstrated by the participating stats in 163 towns and cities. Towards this end, the States with appropriate assistance from the Centre would establish the necessary baseline data and IT applications for energy accounting and auditing, besides ensuring a resolute elimination of electricity theft, which is negating various investments

and initiatives for power sector reforms. It is further reiterated that where free or subsidized power is provided to a section of consumers, the State Government shall ensure upfront payment of the same to the utilities.

9. The Conference recognizes that there is a very significant potential of saving electricity through its efficient use; and resolves that Sates and the Centre should focus on Demand Side Management measures and ensure such interventions as would provide immediate results for saving electricity. These interventions could include bulk procurement and distribution of CFLs, adoption of the Energy Conservation Building Code (ECBC), promoting and mandating the use of energy efficient pump sets and other energy efficient equipment and appliances, besides giving appropriate financial and tax incentives for their manufacture.

10. To periodically review the implementation of the resolutions adopted in the Conference, it is decided to set up a Standing Group of Power Ministers under the Chairmanship of the Union Power Minister to meet once a quarter.

Power situation

†1040. SHRI BHAGWATI SINGH:
SHRI JANESHWAR MISHRA:
SHRI BRIJ BHUSHAN TIWARI:

Will the Minister of POWER be pleased to state:

(a) whether it is a fact that generation and consumption of electricity has decreased heavily;

(b) whether it is also a fact that several projects for increasing the generation capacity of power are pending with Government for a long time;

(c) if so, whether Government is taking steps to augment the generation of power; and

(d) If so, the details thereof?

THE MINISTER OF POWER (SHRI SUSHIL KUMAR SHINDE): (a) No, Sir. All India generation and consumption of electricity has increased during the last 3 years as given below:

Year	2003-04	2004-05	2005-06
Actual generation (BU)	558.34	587.42	617.51
All India Per Capita Consumption (kWh)	592.00	612.50	631.41

(b) to (d) No, Sir. As per Electricity Act, 2003 any generating company may establish a thermal generating station without obtaining a licence under this Act if it complies with the technical standards relating to the connectivity with the grid. Concurrence of Central Electricity Authority (CEA) is also not required for thermal power generation schemes. For hydro generation schemes, CEA has formulated guidelines to accord concurrence to the schemes within a period 90 working days from the date of receipt of the Detailed Project Report

†Original notice of the question was received in Hindi.